

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1019 - HB 1149**

March 14, 2021

**SUMMARY OF BILL:** Requires the Tennessee Higher Education Commission (THEC) to develop a program to provide equitable access to course materials provided at public postsecondary institutions for Tennessee Promise scholarship recipients at no cost. Requires each institution to implement THEC's program by the beginning of the 2022-2023 academic year. Requires THEC to select a vendor through a competitive process and pay such vendor from the Tennessee Promise Special Reserve Account.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures –**

**Exceeds \$32,202,100/FY21-22 and Subsequent Years/  
Tennessee Promise Scholarship Special Reserve Account**

**Assumptions:**

- Based on information provided by THEC, two new Program Coordinator positions will be required to administer the program.
- The recurring increase in state expenditures associated with the positions is estimated to be \$135,762 [(\$51,912 salary + \$15,369 benefits + \$600 supplies) x 2 positions].
- The following estimates for the enrollment of Tennessee Promise scholarship recipients for FY21-22 are based on actual enrollment data of such recipients in the 2020-21 academic school year, as provided by the Tennessee Student Assistance Corporation (TSAC):
  - 26,320 recipients will attend a community college or a 4-year college and pay an average of \$952 for materials per academic school year; and
  - 2,069 recipients will attend a Tennessee College Applied Technology and pay an average of \$1,979 for materials per academic school year.
- The proposed language requires the TSAC to reimburse the vendor for the cost of the course materials supplied to all Tennessee Promise scholarship students with funds from the Tennessee Promise reserve account.
- The increase in state expenditures for reimbursing the vendor for course materials provided to Tennessee Promise scholarship recipients for FY21-22 is estimated to be \$29,151,191 [(26,320 recipients x \$952) + (2,069 recipients x \$1,979)] per year.
- While the precise increase in state expenditures for payment of the vendor is dependent upon unknown factors, based on information provided by TSAC, it is estimated any vendor chosen will charge an additional 10 percent for the cost of providing the

program, resulting in an additional increase in state expenditures exceeding \$2,915,119 (\$29,151,191 x 10.0%).

- The total recurring increase in state expenditures is estimated to exceed \$32,202,072 (\$135,762 THEC positions cost + \$29,151,191 material reimbursement + \$2,915,119 vendor fee) beginning in FY21-22 and occurring in subsequent years.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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